



SOUTH FLORIDA WATER MANAGEMENT DISTRICT



Audit Results & Financial Overview **September 30, 2007 and 2006**



SHARPTON, BRUNSON & COMPANY, P.A.

Certified Public Accountants & Business Consultants

South Florida Water Management District

Scope of Examination:

- Audit Of Financial Statements Pursuant To Generally Accepted Auditing Standards And Government Auditing Standards
- Review Of Internal Controls Governing Financial Operations, As Well As Laws and Regulations
- Tests Of Compliance With Major Federal Awards And State Projects
- Audit In Accordance With The Provisions of Chapter 10.550, Rules of Florida's Auditor General



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➤ Major Federal Award Programs

- U.S. Department of Homeland Security– Hazard Mitigation Projects
- U.S. Department of Homeland Security – Hurricane Disaster Relief

➤ Major State Projects

- Water Management District – Land Acquisition
- Surface Water Restoration and Wastewater Projects
- Water Protection and Sustainability Project



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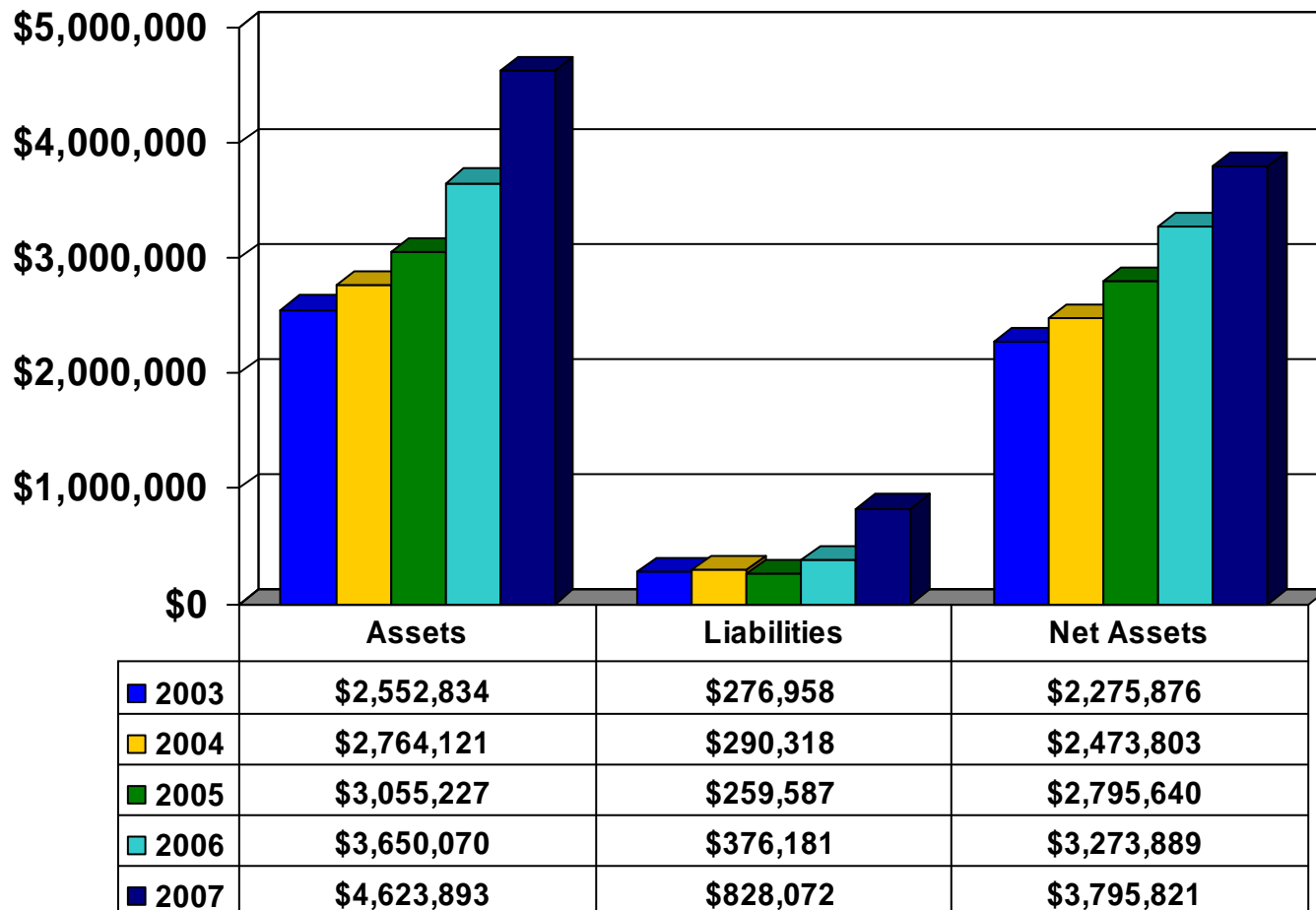
Significant Audit Results:

- Unqualified Audit Opinion On Financial Statements, OMB Circular A-133 And Florida Single Audit Act
- No Material Weaknesses Noted In The Internal Control Systems
- No Significant Matters Of Noncompliance Noted Pursuant To OMB A-133 or Florida's Single Audit Act
- Status of Prior Year Recommendations
- Other Comments and Discussion Items



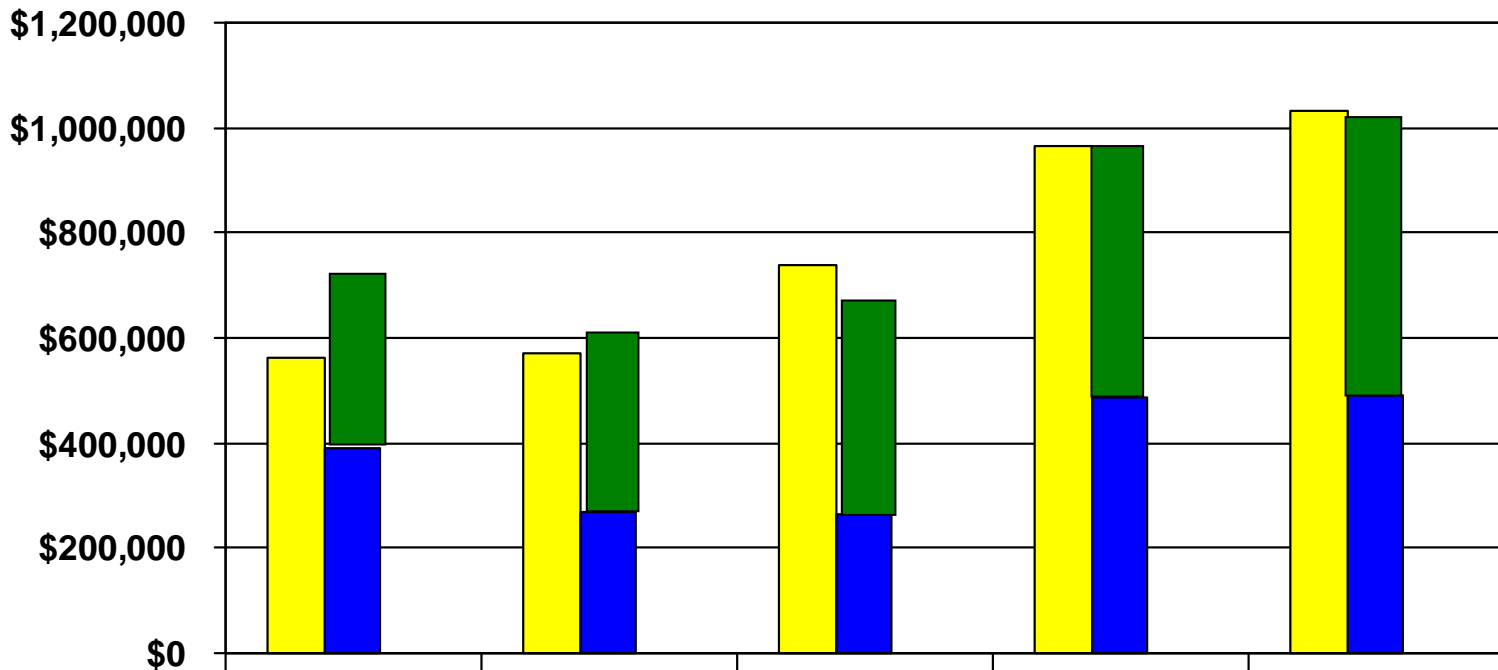
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Statements of Financial Position (000's)



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Statements of Activities (000's)

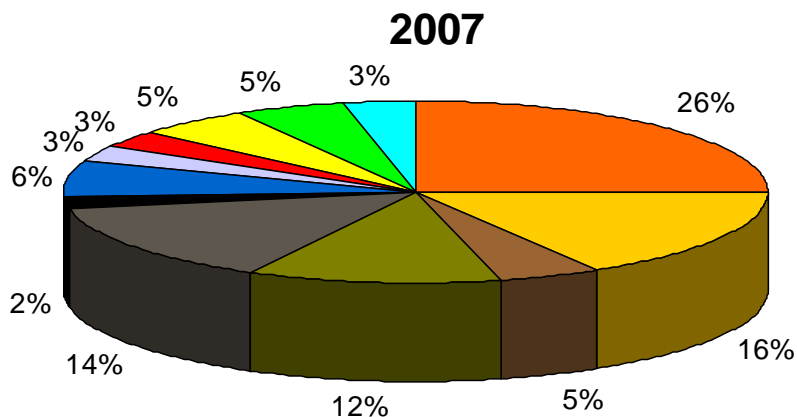


Revenue	\$562,043	\$571,501	\$739,135	\$962,969	\$1,034,162
Capital Additions	\$389,146	\$268,150	\$264,251	\$485,975	\$491,020
Operating Expense	\$299,134	\$373,574	\$417,298	\$484,721	\$512,229

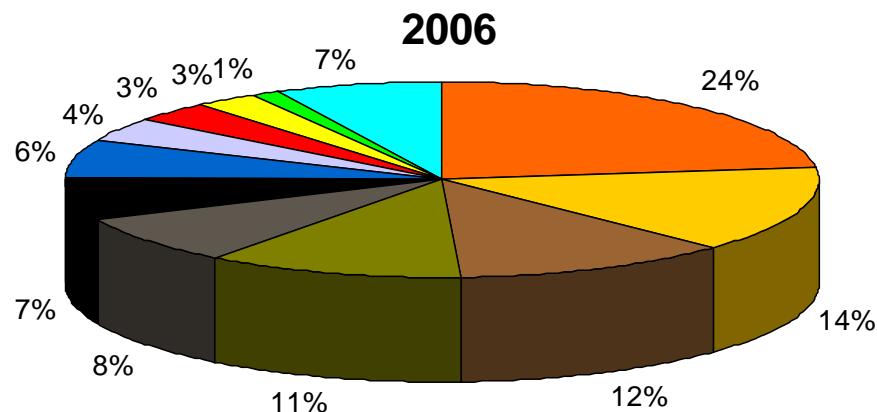


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Overview of Operating Expenses (000's)



Mission Support - \$128,467	Operations/Maintenance - \$83,000
CERP - \$24,865	Water Supply - \$59,868
District Everglades - \$71,929	Kissimmee Restoration - \$12,166
Costal Watersheds - \$32,484	Land Stewardship - \$14,480
Modeling and Scientific - \$15,550	Lake Okechobee - \$26,628
Interest on Long-term Debt \$25,466	Other Programs - \$17,322



Mission Support - \$115,901	Operations/Maintenance - \$72,203
CERP - \$60,600	Water Supply - \$55,510
District Everglades - \$40,238	Kissimmee Restoration - \$36,033
Costal Watersheds - \$32,416	Land Stewardship - \$19,315
Modeling and Scientific - \$16,434	Lake Okechobee - \$14,477
Interest on Long-term Debt - \$5,862	Other Programs - \$36,070



Grand Total \$512,229

Grand Total \$484,721

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Other Matters:

- **Our Responsibility Under U.S. Generally Accepted Auditing Standards**
 - Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles.
- **Significant Accounting Policies and Unusual Transactions**
 - Accounting policies used are those commonly used in the governmental industry- which are disclosed in the financial statements.
 - Unusual transactions may include Army Corps of Engineers Contributed Assets and COPs Activity
- **Management Judgments and Accounting Estimates**
 - Allocation of cost among federal and state funding sources.
 - Receivables from Grantor agencies.
 - Valuation of Donated Assets
 - Actuarial Calculations



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Other Matters: (Cont'd)

- Significant Audit Adjustments
 - Significant audit adjustments were recorded - receivables and accrued expenses
- Major Issues Discussed with Management Prior to Retention
 - Enterprise Resource Project Systems Progress
 - Progress of the Comprehensive Everglades Restoration Plan
 - Army Corps of Engineer cost sharing projects
 - Grants management
- Disagreements with Management and Audit Difficulties
 - No disagreements were encountered with management during the audit



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Internal Control Recommendations:

➤ Prior Year's Comments

- New enterprise resource project system implementation issues (ongoing efforts)
- Segregation of duties surrounding the inventory general ledger account reconciliation (comment has been corrected)
- Timelines of billing reimbursable grant / contract expense (ongoing efforts)
- Self Insurance surpluses (ongoing efforts)
- Timely submission of quarterly reports (ongoing efforts)



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➤ Discussion Items

- Capitalization Policy and Application Thereof
- Interim Reporting and Budget Modules
- \$117 million investment in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool
- Implementation of Other Post Employment Benefit Plans Disclosure
- Negative Unrestricted Net Asset Balance
- COPS Potential Arbitrage Issues

